# ORIGINAL

# **NEW APPLICATION**



BEFORE THE ARIZONA CORPORATION COMMISSION 1 2 **COMMISSIONERS** 2016 JUN 30 P 1: 46 3 DOUG LITTLE, Chairman BOB STUMP 4 AZ CORP COMMISSION **BOB BURNS** DOCKET CONTROL **TOM FORESE** 5 ANDY TOBIN 6 7 E-01703A-16-0228 8 IN THE MATTER OF THE APPLICATION DOCKET NO. OF DUNCAN VALLEY ELECTRIC 9 COOPERATIVE, INC. FOR APPROVAL OF ITS 2017 RENEWABLE ENERGY APPLICATION 10 STANDARD AND TARIFF IMPLEMENTATION PLAN. 11 12 Duncan Valley Electric Cooperative, Inc. ("DVEC" or "Cooperative") hereby submits its 13 2017 Renewable Energy Standard and Tariff ("REST") Implementation Plan pursuant to A.A.C. 14 R14-2-1814. 15 RESPECTFULLY SUBMITTED this 30th day of June, 2016 16 17 18 19 Steven Lunt, CEO Duncan Valley Electric Cooperative, Inc. 20 **PO Box 440** Duncan AZ 85534 21 22 Original and thirteen (13) copies filed this 23 30th day of June, 2016 with: 24 Arizona Corporation Commission **Docket Control** DOCKETED 25 Arizona Corporation Commission 1200 W. Washington, 26 JUN 30 2016 Phoenix AZ 85007 27 **DOCKETED BY** 28

**Duncan Valley Electric Cooperative, Inc.** 

**REST Plan for Calendar Year 2017** 

A.A.C. R14-2-1814

June 30, 2016

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#### I. BACKGROUND

Duncan Valley Electric Cooperative, Inc. ("DVEC") is a rural electric distribution cooperative headquartered in Duncan, Arizona and an all-requirements member of the Arizona Electric Power Cooperative, Inc. ("AEPCO"). DVEC provides electric service to approximately 1,500 members in Arizona's Greenlee County and 190 members in New Mexico's Hidalgo and Grant Counties.

The Commission approved the Renewable Energy Standard and Tariff ("REST") Rules in Decision No. 69127. The REST Rules took effect August 14, 2007.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814.B instructs cooperatives to file by July 1 "an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Energy Resources for the next calendar year." Upon Commission approval, the provisions of the cooperative's plan substitute for the requirements of R14-2-1804 and R14-2-1805.

Pursuant to these provisions, DVEC submits its REST Plan for calendar year 2017 for approval.

#### II. DVEC 2017 REST PLAN

DVEC uses primarily surcharge dollars to fund renewable programs. The 2017 REST Plan includes incentive support for distributed photovoltaic, solar water heating, wind generation and other renewable technologies. Funds are also used to pay for the administration, advertising and promotion of SunWatts programs.

The 2017 REST plan continues rebate support for most technologies that were approved as part of the 2016 REST Plan filed by DVEC. DVEC also proposes removing Performance Based Incentives ("PBI") from its REST Plan. Current PBIs would continue up through their contractual expiration dates.

There are three SunWatts programs which make up the DVEC 2017 REST Plan:

- (1) The SunWatts Rebate Program;
- (2) The Large-Scale Purchase Power Contract & Generating Program; and
- (3) The PV for Government, Schools and Nonprofits Program.

Each of these programs is discussed in greater detail below.

(1) SunWatts Rebate Program: This program pays customers rebates to encourage the installation of qualifying photovoltaic ("PV"), solar water heating, small wind systems and other renewable technologies.

The rebate program pays an Up Front Incentive ("UFI") to members who install qualifying PV, small wind, solar water heating and solar day-lighting systems. Subject to available budget funds, DVEC proposes paying an UFI of \$.50 per installed watt for solar and wind systems up to 10 kW in size.

The primary reason for proposing a lower UFI in 2017 is to help decrease the current back log of systems that are on a waiting list for funding to install their proposed qualifying renewable projects. Lowering the UFI will allow DVEC to work on more projects simultaneously. In addition, a lower UFI would put DVEC's incentive level closer to other utility incentives approved by the Commission.

Solar water heating and solar day-lighting systems will be supported with UFIs as outlined in Appendix 1. DVEC will own all the renewable energy credits ("RECs") from a project receiving a UFI throughout its operational life.

DVEC currently offers Performance Based Incentives ("PBI") for renewable systems.

DVEC proposes discontinuing future PBIs due to lack of interest and administrative difficulty.

Other than the Willcox Greenhouse project that several cooperatives have participated in since 2010, only one project has been brought to DVEC for approval. In this one instance, there were no other competitive bids to use as comparisons. DVEC and the customer were able to come to an agreement on an incentive, based on market conditions. DVEC will continue to pay this incentive until expiration in 2020.

Subject to the foregoing, distributed generation projects will be rebated on a first-come, first-served basis until funding is exhausted. Approved systems that are not rebated are eligible to be placed on a waiting list until additional funding is available. When funding is available, rebates will be paid to the customer following a final inspection of the system. System installations are required to be performed by a licensed renewable energy contractor or electrician. In the case of solar water heaters, a licensed plumber can be used. If local conditions dictate, DVEC may allow self-installations as long as the customer has the installation inspected and verified by a licensed contractor. Incentives for all supported technologies are found in Appendix 1.

DVEC expects the rebate program will support the installation of approximately 65 kW of qualifying renewable technologies in 2017.

(2) The SunWatts Large-Scale Purchase Power Contract and Generating Program: The SunWatts large-scale program calls for DVEC, on its own or in partnership with others, to participate and assist in the development of large-scale renewable resources, either through purchase power agreements or by construction of utility-owned resources. In 2016 DVEC will be installing photovoltaic panels on its own rooftop. This project was outlined in DVEC's 2016 REST plan. DVEC has approved a bid for a 56 kW system with half of the system being built in 2016 and the remaining projected completed in 2017. This project is larger than the original 45 kW system in the 2016 plan. DVEC received a grant from USDA that will offset a portion of the costs

for the first half of this project. The grant allows DVEC to increase the capacity of the solar panels for the same budget as originally planned. DVEC will seek another grant in 2017 for the remaining half of the project. As described in the 2016 plan, this project will provide the best opportunity for distributed generation for low cost renewable energy for DVEC's members.

(3) PV for Government, Schools and Nonprofits Program: DVEC will encourage the installation of renewable energy systems on government, school and nonprofit buildings within its service territory by offering a UFI, consistent with those offered in the rebate program, to third-party developers or those with access to stimulus funding interested in installing renewable systems. The objective of this program is to use DVEC funding and leverage to provide greater benefits to such entities.

#### III. ADMINISTRATION OF THE SUNWATTS PROGRAM

Annual Reporting and Plan Development: By April 1, 2017, DVEC will file a report that describes the results achieved for the 2016 calendar year from the 2016 REST Plan. In addition, by April 1, 2017, DVEC will file a report that describes the results achieved from the 2017 REST Plan. By or before July 1 of 2017, DVEC will file an updated REST plan as required by R14-2-1814.B for 2018.

Advertising and Promotion: SunWatts programs are promoted in a variety of media, for example: bill inserts and ads/stories in monthly newsletters; counter cards and posters; and participation at local events, such as the cooperative's annual meeting and county fairs. Additionally, DVEC will maintain a SunWatts promotional presence outlining programs maintained on its website at <a href="https://www.dvec.org">www.dvec.org</a> and the Commission's "Go Solar Arizona" website initiative at <a href="https://www.arizonagoessolar.org">www.arizonagoessolar.org</a>.

#### Rebate Program Process and Procedures

Projects eligible to receive a UFI incentive are handled based on procedures similar to the following. First, the member submits an enrollment form to DVEC indicating interest in the program. The enrollment form is evaluated to determine project eligibility and form completeness. If the enrollment form is not sufficient or the project is not eligible, the member is notified of project status. If the project qualifies, DVEC determines funding availability. If funds are available, the member is notified of project acceptance and that the project must be ready for inspection within six months of the application date. If the six months expires prior to inspection, the member must resubmit the project (an extension may be granted for good cause on a case-bycase basis). If no funding is available, the project is put on a waiting list and the member is notified as to that status. All projects on a waiting list will be funded in the order received as additional funding becomes available. Once DVEC accepts a project, the member must complete an interconnection agreement, submit a system schematic and provide copies of the project estimate and all permits within 60 days. Once the system is installed, the member informs DVEC of that fact. The system is inspected and the interconnection is verified. Once the system passes the inspection, DVEC processes the incentive.

Members can, at their own risk and discretion, assign their utility incentive to the contractor installing their system by contacting the cooperative in advance of the installation and making the necessary arrangements.

#### IV. ESTIMATED RESULTS/BUDGET/TARIFFS

#### **Estimated Results**

Based on the programs proposed and projects currently in place, as well as the assumptions stated in the 2017 REST Plan, DVEC anticipates a full year's operation would generate approximately 967 MWh of distributed renewable energy for 2017.

## Budget

The budget for the 2017 REST Plan is provided in Appendix 2. The total DVEC program budget for 2017 is \$105,000. DVEC reserves the right to move budgeted monies from program areas where funding is unspent to other program areas as needed.

#### **Tariffs**

Tariffs for the 2017 REST plan will remain the same as the 2016 plan and will be as follows:

Customer Class	Surcharge (per kWh)	Maximum (per Month)
Residential	\$0.0009	\$2.00
Governmental & Agricultural	\$0.0016	\$24.70
Governmental & Agricultural >3MW	\$0.0016	\$74.10
Non-Residential	\$0.0074	\$74.10
Non-Residential>3MW	\$0.0074	\$222.30

Estimated REST dollar amounts collected and percentages of consumer-members reaching the cap for 2017 are as follows:

Customer Class	% kWh Sales	REST \$ Collected	% Reaching Cap
Residential	67.0%	\$16,000	3.6%
Non-Residential	16.7%	\$32,000	2.2%
Government/Agricultural	16.3%	\$7,000	1.7%

## APPENDIX 1

### 2017 REBATE PROGRAM INCENTIVE MATRIX

Technology	UFI	PBI
Solar Electric	\$0.50 per watt up to 10 kW Not to exceed \$5,000 per rebate	Not Available
Wind	\$0.50 per watt up to 10 kW Not to exceed \$5,000 per rebate	Not Available
Solar Water Heating	\$0.75 per kWh for first year savings	Not Available
Solar Day-lighting	\$0.18 per kWh for first year savings	Not Available

## **APPENDIX 2**

# Proposed DVEC 2017 per year REST Budget

Projected Surplus from 2016	\$50,000
Estimated Collected REST Funds	\$55,000
Funds available	\$105,000
Distributed Generation Rebates	(\$32,700)
Performance Based Incentive	(\$12,000)
L-S Purchase Power & Generation Program	(\$55,000)
Total Program Funds	(\$99,700)
Total Advertising, R&D & Admin	(\$5,300)